

Message Text

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ACTION IO-11

INFO OCT-01 EUR-12 ISO-00 AF-06 ARA-06 EA-07 NEA-10

CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05 EB-07 CIEP-01

TRSE-00 STR-04 OMB-01 CEA-01 COME-00 FRB-03 XMB-02

OPIC-03 LAB-04 SIL-01 /131 W
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R 032310Z FEB 76

FM USMISSION USUN NY

TO SECSTATE WASHDC 5675

INFO USMISSION GENEVA

AMEMBASSY ROME

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L USUN 390

E.O. 11652: GDS

TAGS: UNDP, EAID

SUBJ: UNITED NATIONS DEVELOPMENT PROGRAMME - 21ST GOVERNING
COUNCIL SESSION

1. SUMMARY: UNDP GOVERNING COUNCIL (GC) CONCLUDED ITS
SUBSTANTIVE WORK FEBRUARY 3 IN A DISTINCTLY UPBEAT MOOD.
ADMINISTRATOR BRADFORD MORSE OUTLINED HIS RESPONSES TO
COUNCIL DECISIONS IN RESPECT OF UNDP FINANCIAL CRISIS. HE
CONCLUDED, OUTLINING FINELY TUNED AUSTERITY PROGRAM INTENDED
IF AT ALL POSSIBLE TO MAXIMIZE RESOURCES FLOWING TO RECIPIENT
COUNTRIES AND MINIMIZING OUTLAYS FOR ADMINISTRATIVE COSTS
AND AGENCY OVERHEAD. END SUMMARY.

2. THE UNDP GC WHICH CONCLUDED ITS SUBSTANTIVE WORK
FEBRUARY 3 WAS A BUSINESSLIKE, NON-NONSENSE SESSION WHICH
BY AND LARGE TOOK IMPORTANT DECISIONS INTENDED TO IMPROVE
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THE FINANCIAL CONDITION OF THE UNDP, TO RESTORE INTERGOVERN-

MENTAL CONFIDENCE AND TO STRIKE A BALANCE BETWEEN RECIPIENT EXPECTATIONS AND RESOURCE AVAILABILITY.

3. THE NEW ADMINISTRATOR, BRADFORD MORSE (US), APPROACHED HIS RESPONSIBILITIES WITH A SENSE OF PRUDENCE AND CONFIDENCE WHICH MINIMIZED PROBLEMS INHERENT IN THE CHANGE OVER FROM HIS PREDECESSOR. HE ACCEPTED THE ESSENTIALITY OF STRENGTHENING INFORMATION SYSTEMS, MANAGEMENT CONTROLS, AND THE COORDINATION FUNCTION WITHIN UNDP AND BETWEEN UNDP AND OTHER ENTITIES OF THE UN SYSTEM. HIS DESIRE FOR PRUDENCE IN ESTABLISHING RESOURCE AND PROGRAM TARGETS FOR THE SECOND DEVELOPMENT PROGRAM CYCLE WAS RESPECTED, ALBEIT RELUCTANTLY BY SOME G-77 MEMBERS, AND NO MAJOR FINANCIAL ADD-ONS WERE LOCKED IN CONCRETE AT THIS SESSION.

4. WITH RESPECT TO OVERDUE ACCOUNTS RECEIVABLES AND THE UTILIZATION OF NON-CONVERTIBLE CURRENCIES, THE USDEL PLAYED A MAJOR ROLE. THE STAGE IS SET FOR A GENUINE TEST OF SOVIET-EE WILLINGNESS TO UNTIE THEIR VOLUNTARY CONTRIBUTIONS. A SETTING WHICH MORSE HOPES TO EXPLOIT IN THE NEAR FUTURE. AT THE SAME TIME CONSIDERABLE PRESSURE WAS BROUGHT UPON THOSE GOVERNMENTS OWING UNDP COUNTERPART, ASSESSED COSTS, SHARED COSTS, AND LOCAL CURRENCIES. IF A REPRESENTATIVE PERCENTAGE OF THIS MORE THAN \$100 MILLION UNUSABLE RESOURCES CAN BE REALIZED WITHIN THE NEXT FOUR TO SIX MONTHS, IT WOULD BE POSSIBLE TO ACHIEVE IN 1976 THE PROGRAM LARGELY AGREED TO BY DONORS AND RECIPIENTS.

5. COMMENCING WITH THE PRE-SESSIONAL CONSULTATIONS BEGUN HERE IN DECEMBER AND CONTINUING STRAIGHT THROUGH THE SESSION ITSELF, USG MAINTAINED A DISTINCT LEADERSHIP POSTURE AND WAS FREQUENTLY COMPLIMENTED FOR REASSERTING ITS RIGHTFUL PLACE IN THE MULTILATERAL ARENA. USDEL ALSO SUCCEEDED IN AVOIDING THE NOW ALL TOO PREVALENT GROUP POSITION APPROACH ON KEY AGENDA ITEMS AND WE AVOIDED THE USUAL IDEOLOGICAL DEBATES ABOUT NIEO AND RELATED ISSUES.

6. PERHAPS THE HIGH POINT OF THE SESSION WAS THE ENERGETIC
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COLLABORATION BETWEEN THE UNDP ADMINISTRATOR AND USDEL IN STAVING OFF THE DECISION TO HOLD THE 22ND GOVERNING COUNCIL SESSION AT HAVANA IN JUNE. THE PRESENT ARRANGEMENT CALLS FOR A RESUMPTION OF CONSULTATIONS IN LATE MARCH. WE EXPECT THAT THOSE CONSULTATIONS WILL RESULT IN A DECISION TO HOLD THE SUMMER SESSION AT GENEVA.

7. WHILE THE SHORT-TERM EMERGENCY HAS BEEN EFFECTIVELY

DEALT WITH, AND EMOTIONS ARE SOMEWHAT CALMER, UNDP IS NOT YET TURNED AROUND. INDEED WE MAY FACE AT LEAST TWO CASH CRUNCHES DURING THE REMAINDER OF 1976. THIS SITUATION WILL BE FURTHER EXACERBATED IF THERE IS ANY SIZABLE REDUCTION IN THE US CONTRIBUTION. SINCE MOST OF THE TRADITIONAL DONORS HAVE FIRMLY INDICATED MODERATE TO SEVERE CONSTRAINTS UPON THEIR FUTURE ABILITY TO INCREASE PLEDGES.

8. DETAILED MESSAGES HAVE BEEN SENT TO DEPT OR ARE IN PREPARATION ON AGENDA ITEMS.
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